



DCMC

# Overhead Center

Leverage Command Resources...Field Focus

**Lt Col Kathryn Johnson**  
**DCMDI-RO**

# Who We Are...

DCMC

Overhead Center

- ✓ Rechartered in 1997
- ✓ A team of contracting, actuarial, legal, and pension/insurance specialists organized to support DCMC's ACOs

**Resident  
Staff (11)**

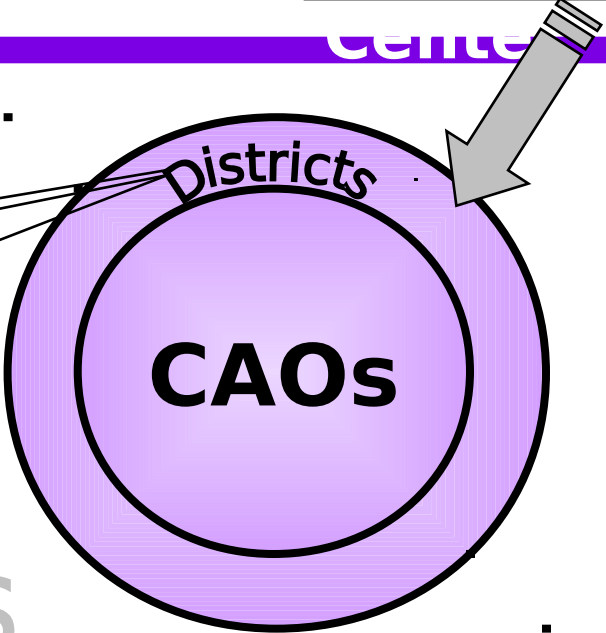
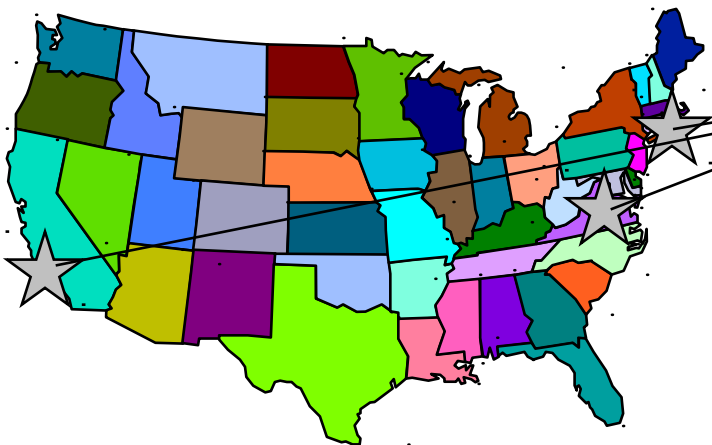
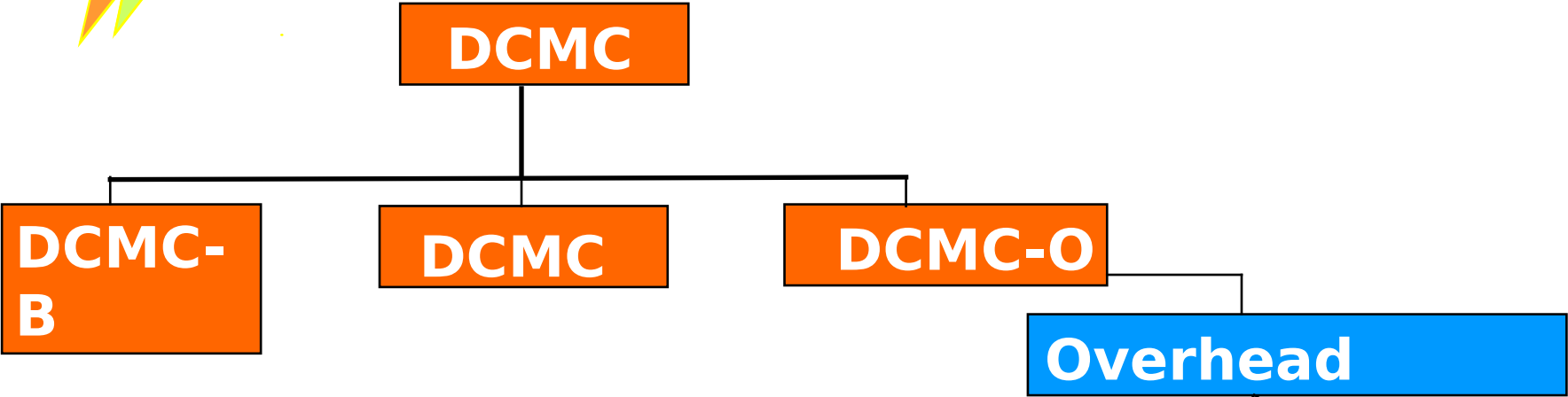
**Contractor  
Insurance  
& Pension  
Review  
(CIPR)  
Teams (29)**

**Legal  
Practice  
Group  
(3)**

DCMC's 1102 Force Multiplier



# Where Do We Fit?



FIELD FOCUS



# DCMC OVERHEAD CENTER

## OUR FOCUS

- Final Overhead Rate
- CAS Noncompliances
- Forward Pricing Rate
- Mergers/Acquisitions
- Pensions

✓ **INDIRECT COSTS =  
53% OF PROCUREMENT  
COSTS**

✓ **SERVICES STRUGGLING TO  
PAY "YESTERDAY'S BILLS"**

✓ **250 BENEFICIAL  
SEGMENTS**

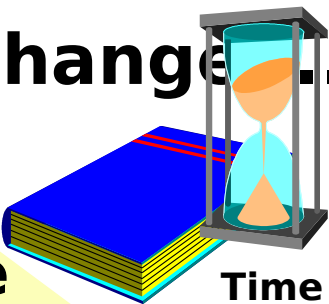
✓ **VOLATILE  
INDUSTRY  
ENVIRONMENT**



# DCMC OVERHEAD CENTER

## Motivation for Change

**DOD Guidance**



Final Overhead Rate Settlement  
**TARGET:**  
24-36 month

**DCMC Backlog from 1980s**

870 overhead years > 2 yrs old

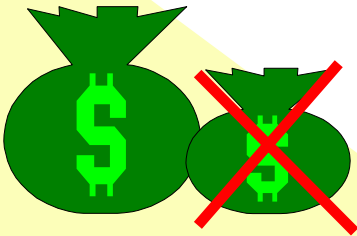
275 CAS cases over 12 mo. old

Effort



**Canceling Funds**

No more M Accounts



Money



# Final Overhead Rate Settlements

**DOD TARGET - 24 -36 Months**

**6 Months**

**12 - 24 Months**

**6 Months**

**Contractor Proposal**

**Audit Report**

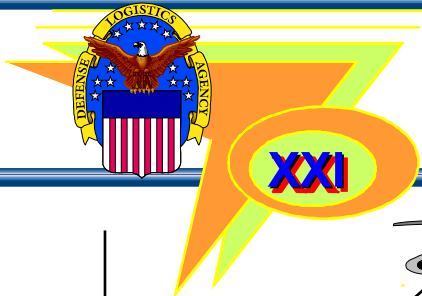
**ACO Negotiations**



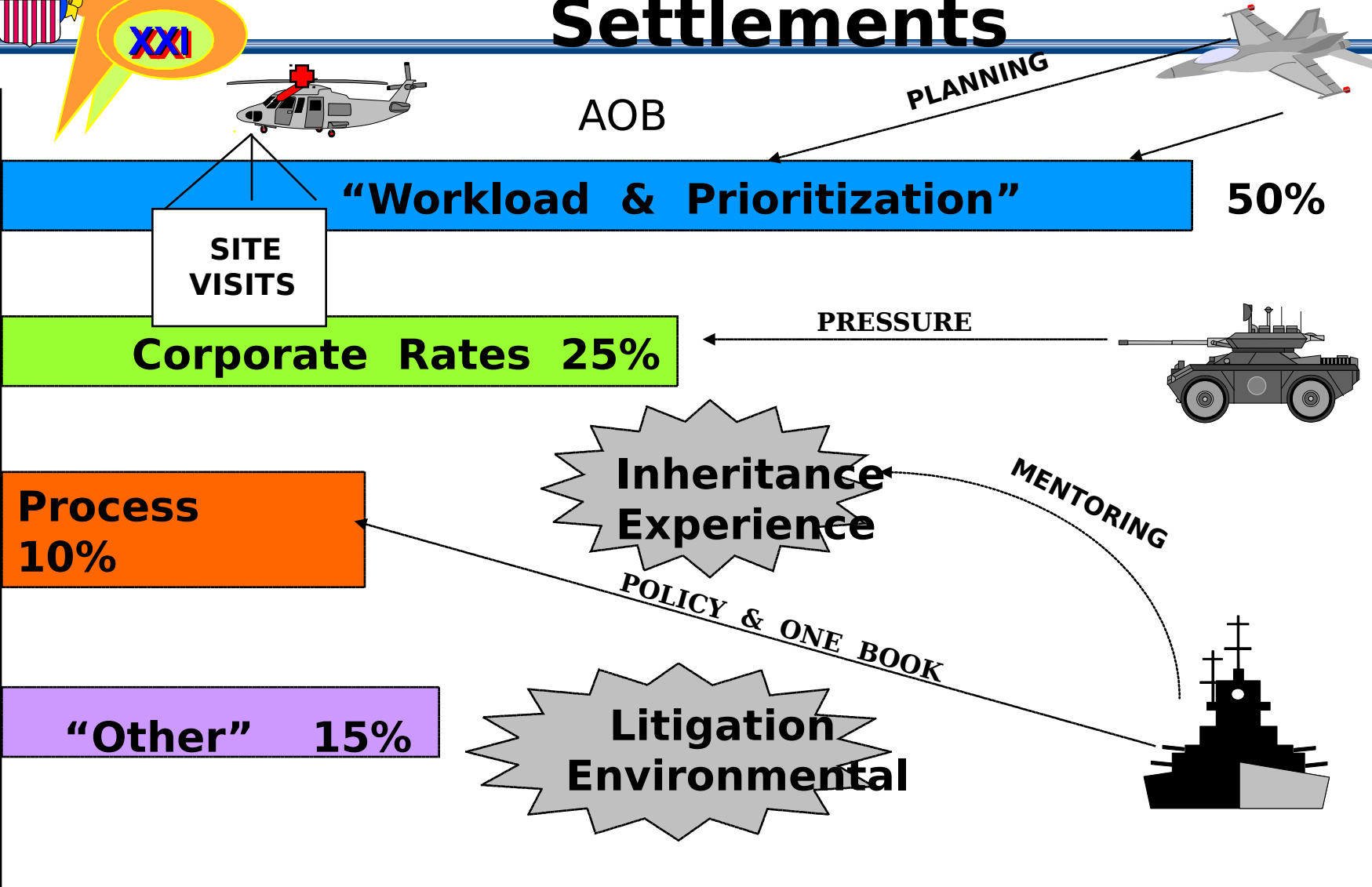
**Key Focus:**  
Late proposals

**Major vs Nonmajor Contractors**  
  
FY99 Threshold  
\$80M Auditable Dollar Volume

**Key Focus:**  
ACOs complete all actions  
(i.e. PNM, audit, penalties)

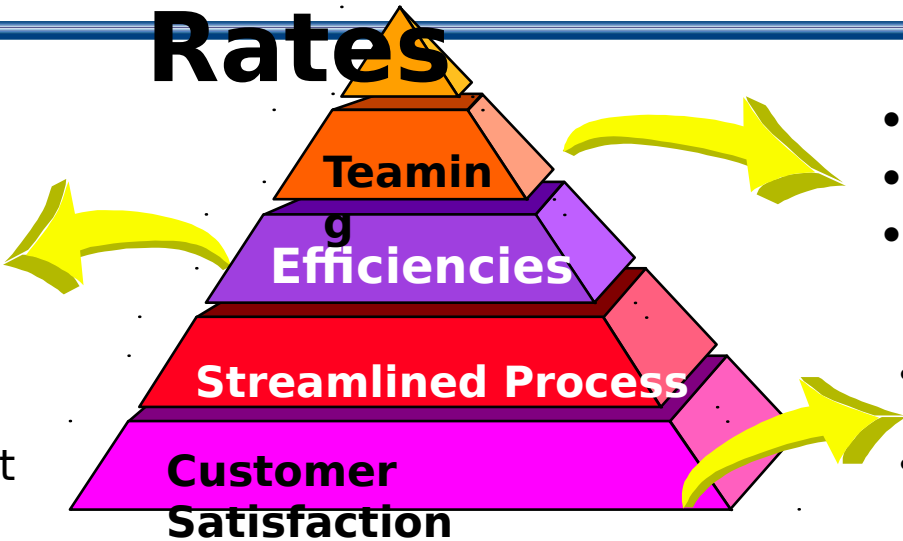


# Final Overhead Rate Settlements





# Real Time Rates



- Earlier Issue Identification/Resolution
- Earlier Negotiations
- Earlier Contract Closeout

- ACO
- Auditor
- Contractor

- Reduced Overhead Costs
- Could release excess

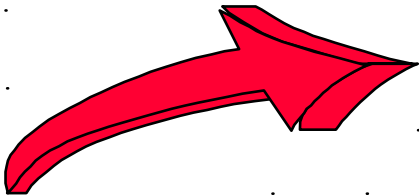
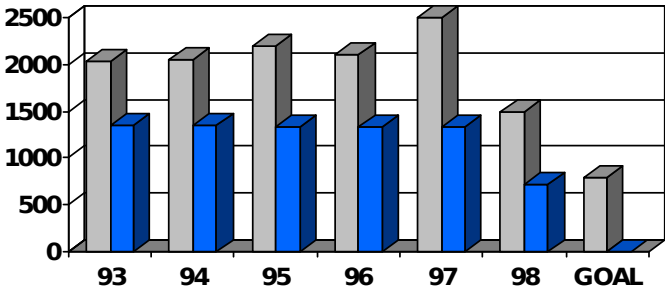


**OVERHEAD BACKLOG**



**REAL TIME RATES**

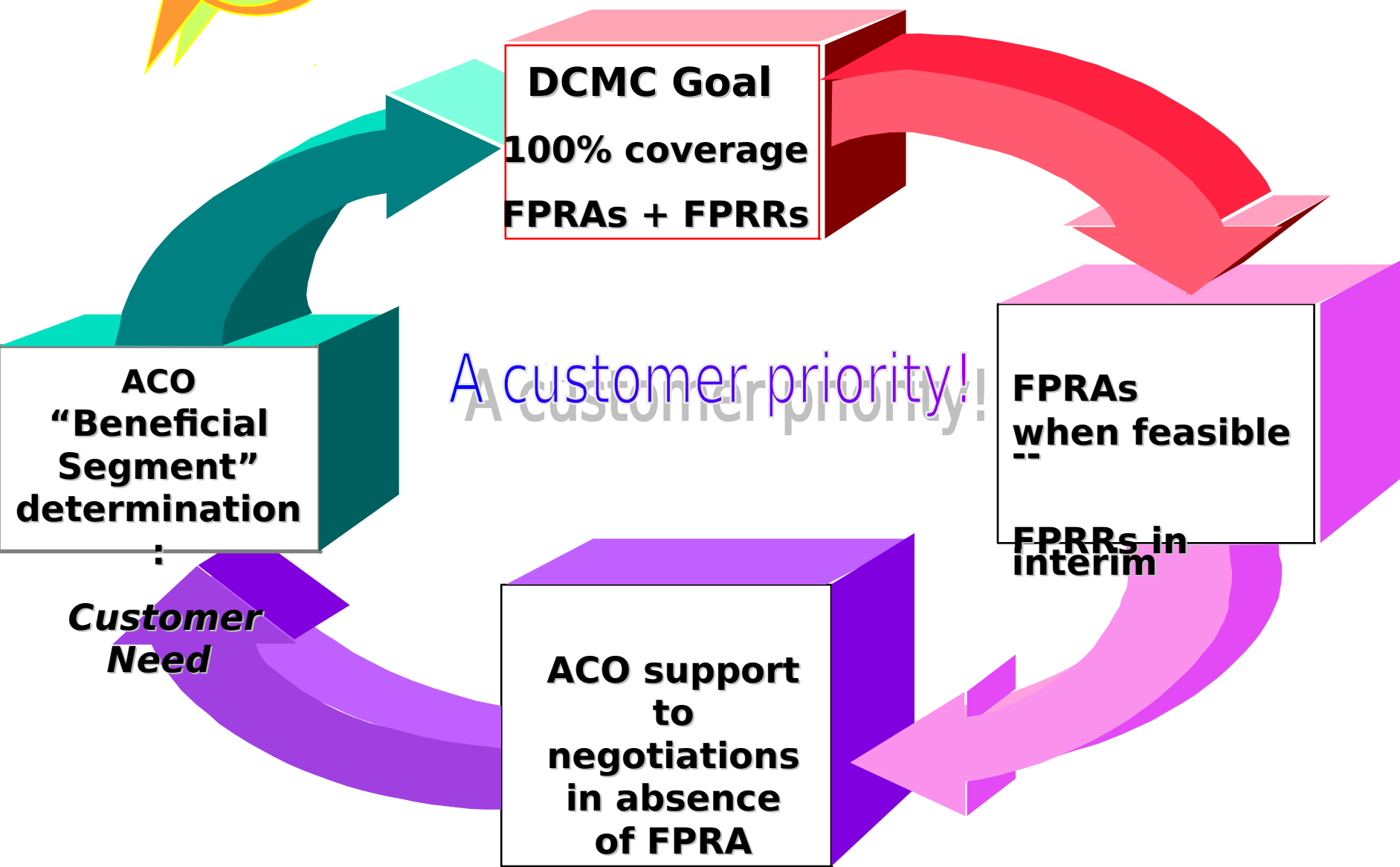
■ Workload ■ Backlog



**Review of contractor incurred costs in *CURRENT* year**

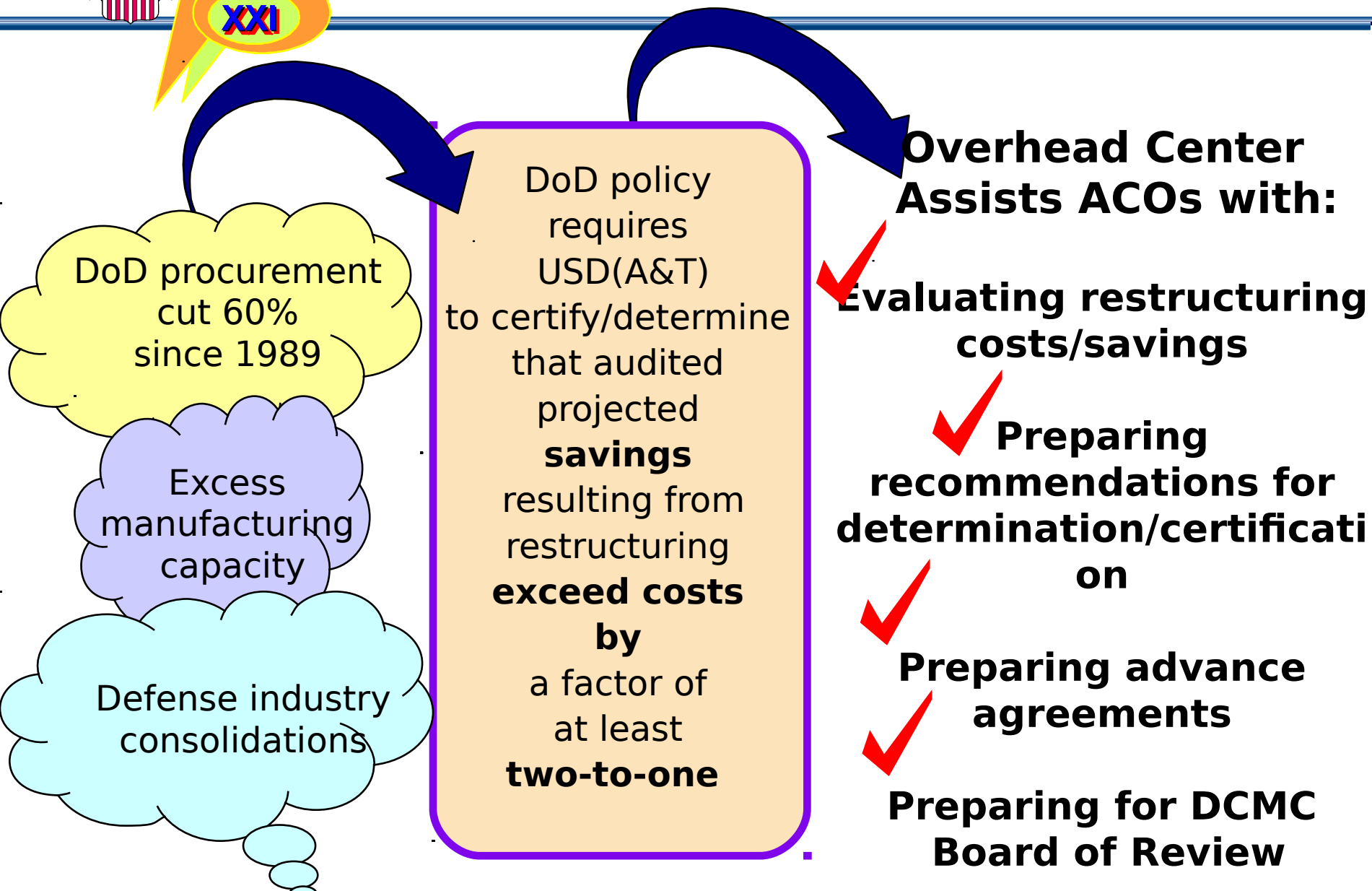


# FORWARD PRICING COVERAGE



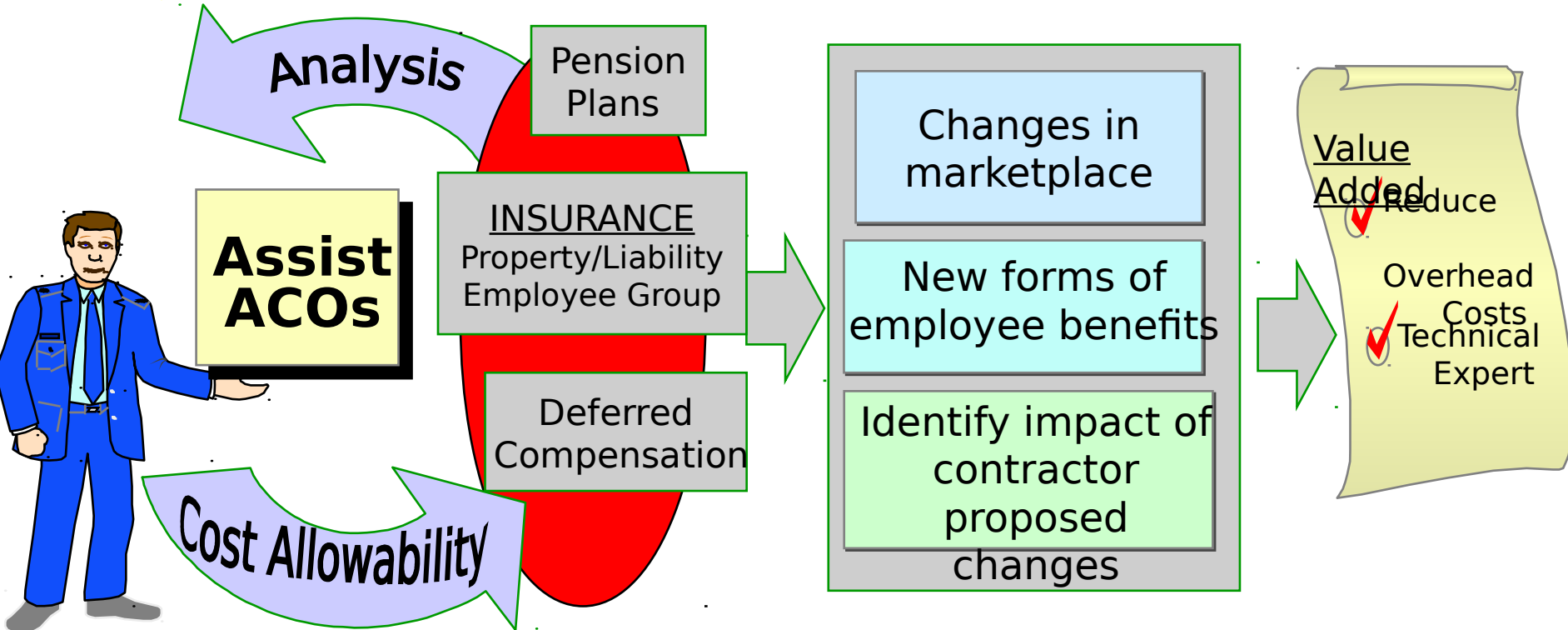


# Mergers & Acquisitions





# Contractor Insurance/Pension Reviews



**Process involves ACO, Contractor, Auditor, and CIPR specialist as an integrated team**



# Overhead Center Team Page

Your resource for  
overhead information  
on the Web!

[www.dcmc.hq.dla.mil/Centers/Ohc/Index.html](http://www.dcmc.hq.dla.mil/Centers/Ohc/Index.html)

## CIPR Training

Final Overhead  
Rates

Forward Pricing  
Rates

Real Time Rates

CAS Rates

Current Issue

Past Editions

## REGULATIONS

• FAR, DFARS,  
1Book, CAS,  
Bus Plan, Etc.

## GUIDES

• Pricing,  
Incurred Cost,  
Parametric  
Pricing, Etc.

## REFERENCE MATERIAL

• Treasury  
Rates, CAGE  
Codes, AMS  
Guide, CBD &  
Fed Register  
(daily  
updates), Etc.

• INDUSTRY  
INFORMATION

Department of Defense  
Headquarters Defense Contract Management Command

# Overhead Center

- [Our Mission](#)
- [Key Topics & Lessons Learned](#) UPDATED 04-23
- [Our Initiatives](#) UPDATED 04-24
- [Overhead Center Legal Newsletter](#)
- [How to Contact Us](#) UPDATED 04-23
- [Information You Can Use](#) UPDATED 04-27 *Take a look!*
- [Helpful Links](#) UPDATED 04-29

DCMC Homepage   Our Team's Homepage   Next Page     Send Us Email

[www.dcmc.hq.dla.mil/Centers/Ohc/Index.htm](http://www.dcmc.hq.dla.mil/Centers/Ohc/Index.htm)

CAS

CAFU

CIPR

Boards

Final OH  
Rates

Forward  
Pricing

Reorganization  
ns

Penalties

Education

List of DCEs &  
CACOs

Topics for  
DCMC/DCAA  
Meetings

DSMC Indirect  
Cost  
Management  
Guide

Policy & Info  
Memos Re: OH

OHC Briefing

"Smart Bank"

DCMC

# Overhead Center Success...

## ***“Establishing Relationships”***

**Since Jan 1997**

- Open OH years decreased by 40%

- Unresolved CAS issues decreased by 46%

Planning  
Measuring Success  
Teaming with ACO and DCAA  
Individual Leadership



# DCMC OVERHEAD CENTER

## RESIDENT STAFF

Lt Col Kathryn Johnson  
 Ms BK Huamani  
 Ms Myla Edwards  
 Mr Glenn Gulden  
 Mr Bill Hill  
 Ms Pat Janik  
 Mr George Matray  
 Mr John McPherson  
 Mr Pat Ring

## CONTRACTOR INSURANCE & PENSION REVIEW (CIPR) TEAMS

Mr Bob Yesner - New York (12)  
 Mr Irv Finston - Chicago (10)  
 Mr Manny Teles - Los Angeles (7)

## DEFENSE CORPORATE EXECUTIVES (DCEs)

Mr Steve Trautwein - Boeing  
 Mr Raymond Eichman (acting) - General Dynamics  
 Mr Ken Cavoli - General Electric  
 Mr Don Springer - Hughes/ Northrup Grumman  
 Mr Lou Becker - Lockheed Martin  
 Ms Denise Chezek - L3 Communications, Loral  
 Mr Don Pixley - McDonnell Douglas  
 Mr Herb Homer - Raytheon  
 Mr Rich Conroy - Textron  
 Mr Dave O'Brien - TRW  
 Mr Alan Tinti - UTC  
 Mr Tom Smith - Westinghouse

## LEGAL PRACTICE GROUP

Mr Rob Burton  
 Mr Larry Rabyne  
 Mr Ray Wong